



BILLING CODE: 4410-09-P

**DEPARTMENT OF JUSTICE
Drug Enforcement Administration**

**[Docket No. 2018-48]
Stephen R. Kovacs, D.O.;
Decision and Order**

On August 2, 2018, the Assistant Administrator, Diversion Control Division, Drug Enforcement Administration (hereinafter, DEA or Government), issued an Order to Show Cause to Stephen R. Kovacs, D.O. (hereinafter, Respondent), of Owasso and Claremore, Oklahoma. Order to Show Cause (hereinafter, OSC), at 1. The Show Cause Order proposes the revocation of Respondent's Certificates of Registration on the ground that he has "no state authority to handle controlled substances" in Oklahoma, the State in which he is registered with the DEA. *Id.* (citing 21 U.S.C. § 824(a)(3)). It also proposes the denial of "any applications for renewal or modification of such registrations and any applications for any other DEA registrations." OSC, at 1 (citing 21 U.S.C. § 824(a)(3)).

Regarding jurisdiction, the Show Cause Order alleges that Respondent holds DEA Certificate of Registration No. BK9173840 at the registered address of 10314 N. 138th E. Ave., Suite 101, Owasso, Oklahoma 74055. OSC, at 2. This registration, the OSC alleges, authorizes Respondent to dispense controlled substances in schedules II through V as a practitioner-DW/275. *Id.* The Show Cause Order alleges that this registration expires on December 31, 2019. *Id.*

The Show Cause Order further alleges that Respondent holds DEA Certificate of Registration No. BK7370492 at the registered address of 985 West Will Rogers Blvd., Claremore, OK 74017, with a mailing address of 13616 E. 103rd St. N., Ste. A, Owasso, Oklahoma 74055. *Id.* This registration, the OSC alleges, authorizes Respondent to dispense

controlled substances in schedules II through V as a practitioner. *Id.* The Show Cause Order alleges that this registration expires on December 31, 2018. *Id.*

The substantive ground for the proceeding, as alleged in the Show Cause Order, is that Respondent is “currently without authority to handle controlled substances in the State of Oklahoma, the state in which . . . [he is] registered with DEA.” *Id.* Specifically, the Show Cause Order alleges that, on May 31, 2018, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control immediately suspended Respondent’s Oklahoma controlled substances registration OBN#29222, and that this registration is associated with Respondent’s practice location at 10314 N. 138th E. Ave., Suite 101, Owasso, Oklahoma 74055. *Id.* The Show Cause Order further alleges that Respondent’s Oklahoma controlled substances registration OBN#33269, associated with Respondent’s practice location at 985 West Will Rogers Blvd., Claremore, Oklahoma 74017, expired on October 31, 2017 and is listed as “INACTIVE.” *Id.*

The Show Cause Order notifies Respondent of his right to request a hearing on the allegations or to submit a written statement while waiving his right to a hearing, the procedures for electing each option, and the consequences for failing to elect either option. *Id.* at 2-3 (citing 21 C.F.R. § 1301.43). The Show Cause Order also notifies Respondent of the opportunity to submit a corrective action plan. OSC, at 3-4 (citing 21 U.S.C. § 824(c)(2)(C)).

By letter dated September 7, 2018, Respondent timely requested a hearing.¹ Hearing Request, at 1. According to the Hearing Request, the Oklahoma Bureau of Narcotics & Dangerous Drugs Control (hereinafter, OBNDDC) immediately suspended “for imminent

¹ Attached to the Government’s Motion for Summary Disposition is a DEA-12 (Receipt for Cash or Other Items) that, according to the Government’s allegations, Respondent executed when the Government served the OSC on August 8, 2018. Respondent does not challenge the Government’s service-related allegations. The Government does not contest the timeliness of Respondent’s request for a hearing. Government’s Motion for Summary Disposition dated September 19, 2018 (hereinafter “Summary Disposition Motion”), at 2. Thus, I find that Respondent’s Hearing Request was timely since it was filed within 30 days of service of the OSC. 21 C.F.R. § 1301.43(a).

endangerment” Respondent’s State controlled substances registration based on “allegations of professional misconduct.” *Id.* Respondent contests the OBNDDC allegations. *Id.* The Hearing Request admits that Respondent “is currently suspended under the State order from prescribing medications.” *Id.* at 2. It states that, “upon a full and fair hearing of the facts,” Respondent “should not have his State or Federal Certificates of Registration revoked or modified.” *Id.*

The Office of Administrative Law Judges put the matter on the docket and assigned it to Chief Administrative Law Judge John J. Mulrooney, II (hereinafter, CALJ). On September 10, 2018, the CALJ issued an Order directing the filing of evidence of lack of State authority and a briefing schedule.

The Government filed a timely Summary Disposition Motion “based on Respondent’s lack of state authority to handle controlled substances.” Summary Disposition Motion, at 1. The Government attached to its Summary Disposition Motion a certified copy of the OBNDDC’s letter to Respondent notifying him of his “Immediate Suspension Due to Imminent Danger” dated May 31, 2018. *Id.* at Exh. 4. According to the Summary Disposition Motion, Respondent “is not authorized to possess a DEA registration” in Oklahoma “[a]bsent authority by the State of Oklahoma to dispense controlled substances.” *Id.* at 4. Citing Agency precedent, the Government argues that “even if the period of suspension is temporary or if there is the potential that Respondent’s state controlled substances privileges will be reinstated, summary disposition is warranted.” *Id.*

On September 27, 2018, Respondent timely filed a Response to the Summary Disposition Motion. Attached to the Response is an e-mail from the Deputy General Counsel of the Oklahoma Bureau of Narcotics dated September 13, 2018. The e-mail asks Respondent’s attorney if he “[w]ould . . . be opposed to continuing . . . [Respondent’s] hearing until October

25, 2018.” Response, Exh. 1, at 1. Counsel for Respondent did not object to the continuance. *Id.* at 1. According to the Response, “Respondent’s rights have been severely prejudiced by delaying the state hearing.” *Id.* at 2.

Respondent “admits that the OBNDDC filed the Notice of Immediate Suspension of Respondent’s Oklahoma controlled substances registration on May 31, 2018.” *Id.* at 1. He states, however, that he “has had no opportunity to present evidence or cross-examine witnesses, defenses to which he is absolutely entitled under Oklahoma law” and that “but for” the continuance, he “would have had that opportunity today.” *Id.* at 3. Respondent argues that the Agency precedent on which the Government relies “allowed some form of process with the state . . . before the Government’s motion for summary disposition was granted.” *Id.* at 2. He states that the “state administrative hearing will be concluded in less than one month . . . [at which] time both sides will have a much more complete understanding of the facts, and the ALJ will be able to more effectively rule on the status of Respondent’s DEA registration.” *Id.* at 3. Respondent asks that the Summary Disposition Motion be denied or, in the alternative, that the deadline for his response be “extended . . . beyond the date of his state administrative hearing.” *Id.*

The CALJ granted the Summary Disposition Motion and recommended that Respondent’s registration be revoked. Order Denying the Respondent’s Request for Extension, Granting the Government’s Motion for Summary Disposition, and Recommended Rulings, Findings of Fact, Conclusions of Law, and Decision of the Administrative Law Judge dated September 28, 2018 (hereinafter, R.D.). The CALJ notes Respondent’s concession that his Oklahoma registration was suspended on May 31, 2018. *Id.* at 3. Citing Agency precedent about stay requests, the CALJ denied Respondent’s request for an extended response deadline.

Id. After summarizing Agency precedent concerning a registrant's loss of State authority to dispense controlled substances, the CALJ recommended that Respondent's registration be revoked and that pending applications for renewal be denied. *Id.* at 4-7.

By letter dated October 18, 2018, the CALJ certified and transmitted the record to me for final Agency action. In that letter, the CALJ advises that neither party filed exceptions.

I issue this Decision and Order based on the entire record before me. 21 C.F.R. § 1301.43(e). I make the following findings of fact.

FINDINGS OF FACT

Respondent's DEA Registrations

Respondent holds two DEA Certificates of Registration. First, Respondent holds DEA Certificate of Registration No. BK9173840, pursuant to which he is authorized to dispense controlled substances in schedules II through V as a practitioner DW/275, at the registered address of 10314 N. 138th E. Ave., Suite 101, Owasso, Oklahoma 74055. Summary Disposition Motion, Exh. 1 (Certification of Registration Status), at 1. This registration expires on December 31, 2019. *Id.*

Second, Respondent holds DEA Certificate of Registration No. BK7370492, pursuant to which he is authorized to dispense controlled substances in schedules II through V as a practitioner, at the registered address of 985 West Will Rogers Blvd., Claremore, Oklahoma 74017. *Id.* at Exh. 2 (Certification of Registration Status), at 1. This registration expires on December 31, 2018. *Id.*

The Status of Respondent's State License

On May 31, 2018, the OBNDDC immediately suspended due to imminent danger Respondent's "privileges to possess, administer, dispense, prescribe and/or distribute scheduled

controlled dangerous substances.” *Id.* at Exh. 4, at 1. According to the immediate suspension, the OBNDDC found “by clear and convincing evidence . . . [that Respondent’s] continuing status as an Oklahoma Bureau of Narcotics registrant represents an imminent danger to the public health, safety and welfare of the citizens of Oklahoma.” *Id.* at Exh. 4, at 3. The OBNDDC’s action was based on information that Respondent wrote false Oxycodone (30mg) prescriptions for a patient with the intention of diverting the narcotics back to himself; that Respondent urged a patient to include a false report of stolen Oxycodone on a police report with the intention of getting another refill; that Respondent deleted messages pertaining to his illegal activity from a patient’s electronic device; that a patient witnessed Respondent snort Oxycodone between meetings with patients; and that Respondent was opioid dependent. *Id.* at Exh. 4, at 2-3.

Respondent admits that the OBNDDC filed the Notice of Immediate Suspension on May 31, 2018. Response, at 1. There is no evidence in the record that the OBNDDC lifted this Immediate Suspension. Further, according to the online records of the State of Oklahoma, of which I take official notice, I find that this Immediate Suspension is still in effect today and that no Oklahoma controlled substances registration ever assigned to Respondent is currently active.² OBNDDC Registration Search Lookup, https://pay.apps.ok.gov/obnidd/_app/search/index.php (last visited December 11, 2018).

Accordingly, I find that Respondent currently is without authority to dispense controlled substances in Oklahoma, the State in which he is registered.

² Under the Administrative Procedure Act, an agency “may take official notice of facts at any stage in a proceeding – even in the final decision.” United States Department of Justice, Attorney General’s Manual on the Administrative Procedure Act 80 (1947) (Wm. W. Gaunt & Sons, Inc., Reprint 1979). Pursuant to 5 U.S.C. § 556(e), “[w]hen an agency decision rests on official notice of a material fact not appearing in the evidence in the record, a party is entitled, on timely request, to an opportunity to show the contrary.” Accordingly, Respondent may dispute my finding by filing a properly supported motion for reconsideration within 15 calendar days of the date of this Order. Any such motion shall be filed with the Office of the Administrator and a copy shall be served on the Government; in the event Respondent files a motion, the Government shall have 15 calendar days to file a response.

DISCUSSION

Pursuant to 21 U.S.C. § 824(a)(3), the Attorney General is authorized to suspend or revoke a registration issued under section 823 of the Controlled Substances Act (hereinafter, CSA), “upon a finding that the registrant . . . has had his State license or registration suspended . . . [or] revoked . . . by competent State authority and is no longer authorized by State law to engage in the . . . dispensing of controlled substances.” With respect to a practitioner, the DEA has long held that the possession of authority to dispense controlled substances under the laws of the State in which a practitioner engages in professional practice is a fundamental condition for obtaining and maintaining a practitioner’s registration. *See, e.g., James L. Hooper, M.D.*, 76 FR 71,371 (2011), *pet. for rev. denied*, 481 Fed. Appx. 826 (4th Cir. 2012); *Frederick Marsh Blanton, M.D.*, 43 FR 27,616, 27,617 (1978).

This rule derives from the text of two provisions of the CSA. First, Congress defined the term “practitioner” to mean “a physician . . . or other person licensed, registered, or otherwise permitted, by . . . the jurisdiction in which he practices . . ., to distribute, dispense, . . . [or] administer . . . a controlled substance in the course of professional practice.” 21 U.S.C. § 802(21). Second, in setting the requirements for obtaining a practitioner’s registration, Congress directed that “[t]he Attorney General shall register practitioners . . . if the applicant is authorized to dispense . . . controlled substances under the laws of the State in which he practices.” 21 U.S.C. § 823(f). Because Congress has clearly mandated that a practitioner possess State authority in order to be deemed a practitioner under the CSA, the DEA has held repeatedly that revocation of a practitioner’s registration is the appropriate sanction whenever he is no longer authorized to dispense controlled substances under the laws of the State in which he practices. *See, e.g., Hooper, supra*, 76 FR at 71,371-72; *Sheran Arden Yeates, M.D.*, 71 FR

39,130, 39,131 (2006); *Dominick A. Ricci, M.D.*, 58 FR 51,104, 51,105 (1993); *Bobby Watts, M.D.*, 53 FR 11,919, 11,920 (1988), *Blanton, supra*, 43 FR at 27,617.

Under longstanding Agency precedent, DEA revokes the registration of a practitioner who lacks State authority to handle controlled substances even when the practitioner's State authority was suspended summarily or pending a final decision on the merits. *See, e.g., Bourne Pharmacy, Inc.*, 72 FR 18,273, 18,274 (2007). Similarly, as the CALJ made clear, the facts that a State immediately suspended a respondent's registration and that the respondent may, some day, regain his State registration to dispense controlled substances do not change the salient fact -- the respondent is not currently authorized to handle controlled substances in the State in which he is registered.³ *Mehdi Nikparvarfard, M.D.*, 83 FR 14,503, 14,504 (2018).

Here, Respondent admits that the OBNDDC suspended his Oklahoma controlled substances registration. Further, there is no evidence in the record that Respondent holds any active Oklahoma registration to handle controlled substances. As such, according to Oklahoma law, Respondent currently does not have authority to handle controlled substances in Oklahoma. Okla. Stat. tit. 63, § 2-302 (Westlaw, current with legislation of the Second Regular Session of the 56th Legislature (2018)) (Every person who dispenses any controlled dangerous substance within Oklahoma shall obtain a registration issued by OBNDDC.). Respondent, therefore, is not eligible for a DEA registration. Accordingly, I will order that Respondent's DEA registrations be revoked and that any pending application for the renewal or modification of those registrations be denied. 21 U.S.C. § 824(a)(3).

ORDER

³ The CALJ's denial of Respondent's request for an enlargement of time is the correct result. Also, as already discussed, Oklahoma's online records still indicate that Respondent's Oklahoma controlled substances registrations are inactive or inactivated.

Pursuant to 28 C.F.R. § 0.100(b) and the authority thus vested in me by 21 U.S.C. § 824(a), I order that DEA Certificate of Registration Nos. BK9173840 and BK7370492 issued to Stephen R. Kovacs, D.O., be, and they hereby are, revoked. I further order that any pending application of Stephen R. Kovacs, D.O., to renew or modify these registration, as well as any other pending application by him for registration in the State of Oklahoma, be, and it hereby is, denied. This Order is effective immediately.⁴

Dated: December 11, 2018.

Uttam Dhillon,
Acting Administrator.

⁴ For the same reasons the OBNDDC found by clear and convincing evidence that Respondent's continuing status as an Oklahoma Bureau of Narcotics registrant represents an imminent danger to the public health, safety and welfare of the citizens of Oklahoma, I find that the public interest necessitates that this Order be effective immediately. 21 C.F.R. § 1316.67.

